GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2939
ANSWERED ON:16.03.2001
INTEREST ON ADVANCE TAX
VIJAY KUMAR KHANDELWAL

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have given a permission in the Income Tax Act that interest will be payable on the amount deposited as advance tax by the tax-payee; and

(b) if so, the total amount of interest payable at the extra deposited amount during the year 1999-2000 and 2000-2001 and rate of interest thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a): The provisions of section 244A(1)(a), inter alia, provide that where the refund is out of any tax paid by way of advance tax during the financial year immediately preceding the assessment year, the assessee shall be entitled to receive, in addition to the said amount, simple interest thereon calculated at the rate of 1% for every month or part of a month comprised in the period from the 1st day of April of the assessment year to the date on which the refund is granted. The Finance Bill, 2001 proposes to reduce the said rate of interest from one per cent for every month or part of the month to three-fourth per cent for every month or part of the month will effect from 1st June, 2001.

(b): The total amount of interest paid under the provisions of section 244A of Income tax Act, which relates to refund of excess tax on account of excess payment of advance tax, Tax Deducted/Collected at Source and due to any other reason, comes to Rs.1144.39 crores during the financial year 1999-2000. Similar figures of interest for financial year 2000-2001 are not available as the financial year is yet to close.